

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Price Changes
Rates of General Applicability

Docket No. CP2022-99

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE OF TIME-LIMITED CHANGES IN RATES
OF GENERAL APPLICABILITY FOR COMPETITIVE PRODUCTS

(August 25, 2022)

On August 10, 2022, the Postal Service filed a notice of time-limited changes in rates of general applicability for certain Competitive products.¹ The proposed changes are scheduled to take effect on October 2, 2022, and will roll back to current levels on January 22, 2023. *Id.*

I. The Proposed Rate Adjustments

The Notice proposes time-limited price changes for Priority Mail Express, Priority Mail, First-Class Package Service, Parcel Select, and USPS Retail Ground. Notice at 1. No price changes are being made to Special Services or International competitive products. *Id.*

Included in the Notice is a Governors' Decision establishing the changes, a statement of explanation and justification, and a certification of the Governors' vote. Attached to the Governors' Decision is a schedule showing the new prices incorporated into a draft of the revisions to the Competitive Products section of the Mail Classification Schedule. Also attached is a schedule showing current prices that will be restored effective January 22, 2023.

¹ USPS Notice of Time-Limited Changes in Rates of General Applicability for Competitive Products, August 10, 2022 (Notice). This is the Postal Service's third time-limited competitive price change proposal. Information on the previous two time-limited changes can be found in Docket Nos. CP2020-249 and CP2021-127.

Table 1-1 below, shows these proposed price changes:

**Table 1-1
Proposed Price Changes**

Product Name	Average Price Increase (Percent)
Domestic Competitive Products	
Priority Mail Express	2.7
Retail	2.8
Commercial Base	2.1
Commercial Plus	2.1
Priority Mail	6.3
Retail	6.3
Commercial Base	6.1
Commercial Plus	6.1
Parcel Select	10.2
Destination Delivery Unit	5.9
Destination Sectional Center Facility	12.8
Destination Network Distribution Center	12.8
Lightweight	0.0
Ground	4.2
First-Class Package Service	8.3
Retail	8.2
Commercial	8.4
Retail Ground	5.8

Source: Governors' Decision No. 22-3 at 2.

The Commission established this proceeding on August 10, 2022, to consider the proposed rate adjustments, appointed the undersigned to serve as Public Representative, and set August 25, 2022, as the deadline for filing comments.²

II. COMMENTS

The Public Representative has reviewed the Postal Service's Notice, the Statement of Supporting Justification, as well as the financial data filed under seal with the Postal Service's Notice. Based upon that review, the Public Representative concludes that the Postal Service's proposed Competitive prices should generate sufficient revenues to satisfy U.S.C. § 3633(a).

With approval in mind, the Public Representative was curious about the Postal Service's history of time-limited rate increases for competitive products. Especially if it

² See Notice and Order Concerning Time-Limited Changes in Rates of General Applicability for Competitive Products, August 11, 2022 (Order No. 6248).

seemed like the Postal Service would be increasing their prices more and more each year. After review, the Public Representative finds the Postal Service's proposed increases relative to previous years are entirely reasonable. Table 2-1 below presents all relevant increases proposed by the Postal Service in Docket Nos. CP2020-249,³ CP2021-127,⁴ and CP2020-99.

Table 2-1
Historical Rate Changes (Percent)

Product Name	CP2020-249	CP2021-127	CP2022-99
Priority Mail Express	0.7	2.3	2.7
Retail	0.0	2.3	2.9
Commercial Base	4.4	2.2	2.1
Commercial Plus	4.4	2.2	2.1
Priority Mail	1.7	5.7	6.3
Retail	0.0	5.3	6.3
Commercial Base	4.2	6.3	6.1
Commercial Plus	3.9	6.3	6.1
Parcel Select	5.9	11.0	10.2
Destination Delivery Unit	6.8	0.0	5.9
Destination Sectional Center Facility	8.0	15.9	12.8
Destination Network Distribution Center	5.6	12.5	12.8
Lightweight	12.0	5.3	0.0
Ground	3.0	6.2	4.2
Parcel Return Service	3.3	13.0	N/A
Return Sectional Center Facility	1.9	7.4	N/A
Return Delivery Unit	4.7	18.7	N/A
First-Class Package Service	5.6	7.6	8.3
Retail	0.0	6.4	8.2
Commercial	7.0	8.0	8.4
Retail Ground	N/A	5.3	5.8

Source: Governors' Decision No 22-3 at 2, Order No. 5973, and Order No. 5673.

The Public Representative's only two reservations stem from the Postal Service's timing on this proposal. The first is rooted in the comments filed on August 17, 2022, by

³ See Docket No. CP2020-249, Order Approving Price Adjustments for Competitive Products, September 4, 2020 (Order No. 5673).

⁴ See Docket No. CP2021-127, Order Approving Price Adjustments for Domestic Competitive Products, August 31, 2021 (Order No. 5973).

AccuZIP President Kristen McKiernan.⁵ In those comments, she astutely points out that the time between the Postal Service filing this proposal and when the intended implementation date is does not provide adequate time for businesses and vendors to prepare their requisite affairs. The Public Representative notes too that there is even less time once the Commission issues its Order, if the Commission approves. The Postal Service has the benefit of knowing what it wants to do and when, but the businesses that rely on it do not. The Public Representative urges the Postal Service to be more cognizant of their advantage and to submit future proposals with ample time.

The second remark pertains to the window the Postal Service has given itself for this time-limited increase. In the first time-limited increase, Docket No. CP2020-249, the relevant time was October 18, 2020, through December 27, 2020. Order 5673 at 1. In the second time-limited increase, Docket No. CP2021-127, the relevant time was October 3, 2021, through December 26, 2021. Order No. 5973 at 1. For this time-limited increase, Docket No. CP2022-99, the relevant time is October 2, 2022, through January 22, 2023. Notice at 1. The Public Representative observes that the time-limited days have increased from 70 in CP2020-249, to 84 in CP2021-127, to an astounding 112 in CP2022-99.⁶ The Public Representative is curious as to why the Postal Service feels that 112 days, or approximately 31 percent of the year, should be subject to surge pricing. To the Public Representative, tacking on what is effectively an additional month of increased prices relative to last year feels greedy and punitive towards its customers.

Ultimately, nothing here falls outside of what the Postal Service is allowed to do and thus the Public Representative is comfortable with approval.

Requirements of 39 U.S.C. § 3633. Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices are prohibited from subsidizing market dominant products; are required to ensure that each competitive product covers its attributable costs; and must ensure that, collectively, all competitive products contribute an appropriate share of the Postal Service's institutional costs. Based upon a review of the Postal Service's Notice and the accompanying financial data, it appears that the proposed temporary

⁵ Docket No. CP2022-99, Comments from AccuZIP President Kristen McKiernan, August 17, 2022.

⁶ The Public Representative used Excel to derive the number of days between the stated dates.

Competitive prices should generate revenues sufficient to avoid subsidization of Competitive products. In addition, it appears that the proposed prices will enable Competitive products as a whole to contribute well in excess of the minimum⁷ to Institutional Costs as mandated by 39 C.F.R. 3035.107(c).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

Christopher C. Mohr
Public Representative

901 New York Ave. NW
Washington, DC 20268-0001
202-789-6857
Christopher.Mohr@prc.gov

⁷ See FY 2022 Annual Compliance Determination Report at 97. The Commission states that the appropriate share for FY 2022 is 10.0 percent. However, the Public Representative understands that the underlying formula for this number is contested and thus the Commission has an ongoing review of the formula. Fortunately, the Public Representative is confident that the Competitive products which are the subject of this proposal will have no problem exceeding the legally stated minimum, whatever that might be exactly.